

**(800) 473-6757**



Call our  
**MOSTARS**  
Information  
Center

to speak with trained staff members about any article published in this newsletter, as well as to obtain free information about the state and federal student financial assistance programs.

**(573) 751-3940**

**August 1999**



**Missouri Student Assistance Resource Services**

**MOSTARS is a division of the Missouri Department of Higher Education**



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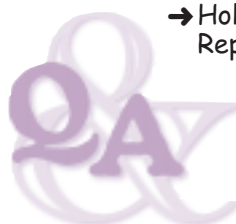
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### **News**

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- Holding Academic Transcripts; Credit Reports for Students

**Page 2 & 3**



**CariAnne Cutshall**  
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This portion of the **MOSTARS** newsletter includes questions and answers regarding various topics brought to our attention by MOSTARS clients.

If you happen to see one of your questions published, you should give yourself a pat on the back for asking a question that may benefit other clients.

In addition, if you think there is a need for a published clarification on a particular topic, please feel free to contact the **MOSTARS Information Center at (800) 473-6757 or (573) 751-3940** to discuss the topic. We may include the question in future issues of **MOSTARS**. ★

## Can postsecondary schools legally “hold” academic transcripts for defaulted borrowers?

In an October 12, 1995 letter to NASFAA, the U.S. Department of Education clarified its guidance on withholding a student's academic transcript. The Family Educational Rights and Privacy Act (FERPA) gives students and parents the right to inspect and review the student's educational records. Schools must provide students and parents with “the opportunity to inspect and review” their education records within 45 days of receipt of the request. However, this does not always necessitate providing a **copy** of the academic transcript – official or unofficial.

The only time the school must forward a copy of the educational records is when the denial of a copy would effectively prevent a student or parent from exercising the right to inspect and review the records. For example, this may occur when a student lives outside of commuting distance from the school. Even in such cases, the school is only required to send an unofficial copy of the academic transcript. The school may still refuse to provide an official transcript.

A school may have a policy to withhold the release of official transcripts for defaulted borrowers; however, schools may want to fully consider this policy, as there may be indirect consequences. For example, a borrower who needs an official academic transcript released to a prospective employer. By refusing to release an official academic transcript, the school may prevent the borrower from getting a job, thereby decreasing the borrower's chances of repaying the loan. The school may wish to consider a different policy that prohibits the release of official transcripts to students or other postsecondary schools, but allows the release of official transcripts directly to a prospective employer.

If a school does implement a policy to withhold transcripts, the policy must be applied equally to all requests. In addition, the policy should be written and should include specific details on actions the defaulted borrower must take in order for the school to release the transcripts. For example, the defaulted borrower may be required to make three satisfactory payments to the holder of the defaulted loan before the school will release the transcript.

## Acceptable Documentation for Death Claims

Effective immediately, all death claims submitted to the MSLP must include either an original death certificate, or a certified copy of a death certificate, in order to be eligible for claim payment.

**FFELP  
News**



**Carolyn Brown**  
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**Can postsecondary schools take an active part in evaluating credit worthiness of student loan applicants? If a school determines that a student loan applicant should be denied a student loan based on negative credit, what are the legal ramifications and document requirements (e.g., denial letters)?**

It is acceptable for a school that performs credit checks as a part of its admission policy to refuse to admit an applicant based on a bad credit history. However, if the school admits a student, assuming all other eligibility requirements are met, they may refuse to certify a loan or certify for less than the requested amount only on a case-by-case basis {34 CFR 682.603(e)}.

# Reissuing a Loan Disbursement

**FFELP News**



Carolyn Brown  
(573) 751-1767  
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The MSLP receives frequent questions regarding the reissue of a loan disbursement and the circumstances under which it is permissible. The MSLP has created the table on page 4 and 5 in an effort to assist participants in determining whether reissuing a loan disbursement is applicable and appropriate, according to scenarios in which a school may wish to request a reissue. This table incorporates policy information from the *Common Manual*, subsection 6.3.G., and the MSLP's guarantor-specific exception to that policy.

The reissue of a disbursement previously made by the lender may be permitted in circumstances that include the following:

- The disbursement check has been lost.
- The school returns the disbursement, requests that the disbursement amount be decreased, and the disbursement be reissued.
- The school returns the disbursement and requests that the disbursement be reissued to restart the time clock for delivery restrictions.
- The school returns the disbursement and requests that the lender reissue the disbursement to coincide with the date of the student's scheduled return from a leave of absence.

Criteria that determine whether a loan disbursement may be reissued are outlined in the table on pages 4 and 5.

*continued on page 4*

The bond equivalent rates of the 91-day Treasury bills auctioned during the quarter ending 06/30/99 is **4.60 percent.**

## For Your Convenience



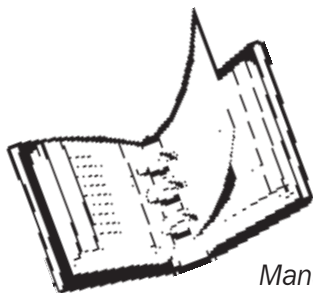
An information box indicating subject matter accompanies each article in this newsletter. This box also contains an identifiable icon, the name of the article's contact person (where applicable), his or her phone number, and e-mail user ID. The formula for e-mail addresses at MOSTARS and the Missouri Department of Higher Education is as follows:

USER ID?cbhe400@admin.mocbhe.gov

Please remember, you can also contact our MOSTARS Information Center at (800) 473-6757 or (573) 751-3940 with any questions.

**Reissuing a Loan Disbursement, from page 3**

WHEN	THE STUDENT	THE SCHOOL	THE LENDER
The student who is <i>subject to delayed delivery</i> withdraws <i>before</i> completing the first 30 days of the program of study. <sup>1</sup>	REISSUE IS NOT POSSIBLE.  The student is ineligible to receive the benefit of any disbursement.	REISSUE IS NOT POSSIBLE.  The school may not deliver any disbursement of a Federal Stafford or Federal PLUS loan. The school is therefore not permitted to request a reissue.	REISSUE IS NOT POSSIBLE.  The lender must not knowingly reissue any disbursement in the case of a student subject to delayed delivery requirements who did not complete the first 30 days of the program of study.
The school wishes to request a reissue of a FIRST disbursement for a loan that is <i>subject to delayed delivery</i> and the student withdraws <i>after</i> completing the first 30 days of the program of study. <sup>1</sup>	If otherwise eligible, the student may receive the benefit of a Federal Stafford or Federal PLUS loan.	The school must request the reissue of the FIRST disbursement within 120 days of original disbursement date. <sup>2</sup>	The lender may reissue the FIRST disbursement only if the school requests the reissue within 120 days of the original disbursement date. <sup>2</sup>
The school wishes to request a reissue of a FIRST disbursement for a loan that is <i>not subject to delayed delivery</i> <sup>1</sup> and the student withdraws before the end of the enrollment period.	If otherwise eligible, the student may receive the benefit of the FIRST disbursement of a Federal Stafford or Federal PLUS loan.	The school must request the reissue of the FIRST disbursement within 120 days of the original disbursement date. <sup>2</sup>	The lender may reissue the FIRST disbursement only if the school requests the reissue within 120 days of original disbursement date. <sup>2</sup>
The school wishes to request the reissue of a SECOND or subsequent disbursement for a student who withdraws before completing the enrollment period.	REISSUE IS NOT POSSIBLE.  The student is ineligible to receive the benefit of the SECOND or subsequent disbursement of a Federal Stafford or Federal PLUS loan.	REISSUE IS NOT POSSIBLE.  The school must not deliver the SECOND or subsequent disbursement of Federal Stafford or Federal PLUS loan funds in the case of a student who has not successfully completed the enrollment period. The school must not request a reissue.	REISSUE IS NOT POSSIBLE.  The lender must not knowingly reissue a SECOND or subsequent disbursement in the case of a student who has not completed enrollment period.
The school wishes to request a reissue of a FIRST, SECOND, or subsequent disbursement for a student who has successfully completed the enrollment period.	If otherwise eligible, the student may receive the benefit of the FIRST, SECOND, or subsequent disbursement of a Federal Stafford or Federal PLUS loan.	The school must request the reissue of the FIRST, SECOND, or subsequent disbursement within 120 days of original disbursement date. <sup>2</sup>	The lender may reissue the FIRST, SECOND, or subsequent disbursement if the school requests the reissue within 120 days of the original disbursement date. <sup>2</sup>



**July 1999 Common Manual available**

Designer's Ink, a publishing company in Denton, TX, has shipped the updated July 1999 *Common Manual* directly to MSLP participants who use the *Common Manual*. If you have not received your updated manual, please contact the MOSTARS Information Center at (800) 473-6757 or (573) 751-3940. The July 1999 *Electronic Common Manual* is currently in production and distribution is expected in the next few weeks.

WHEN	THE STUDENT	THE SCHOOL	THE LENDER
The school wishes to request a reissue of a disbursement that was originally made as a LATE disbursement.	The student meets the requirements for the school to deliver a LATE disbursement of a Federal Stafford or Federal PLUS loan.	<p>The school has determined that the student is eligible to receive a LATE disbursement and complied with all other late disbursement requirements.</p> <p><i>(See Common Manual subsections 6.3.E. and 6.3.E.)</i></p> <p>The school must request the reissue of a LATE disbursement in time for the lender to reissue the disbursement within 90 days after the date the original LATE disbursement was made.<sup>3</sup></p>	<p>The lender determined that a LATE disbursement may be made.</p> <p><i>(See Common Manual subsection 6.2.H.)</i></p> <p>When a lender knowingly makes a LATE disbursement, a written notice must accompany the loan proceeds advising the school that funds are to be treated as such.</p> <p>The lender must reissue the disbursement within 90 days after the date the original LATE disbursement was made.<sup>3</sup></p>
The school wishes to request reissue of a LATE disbursement that the school originally received 91 or more days after the earlier of:	REISSUE IS NOT POSSIBLE.	REISSUE IS NOT POSSIBLE.	REISSUE IS NOT POSSIBLE.
<ul style="list-style-type: none"> <li>• The date the student ceased to be enrolled at least half time, or</li> <li>• The end of the enrollment period.</li> </ul>			

<sup>1</sup> First-time, first-year borrowers attending schools with a cohort default rate of less than 10 percent for the three most recent cohort years for which data are available are exempt from delayed delivery requirements. See Section 428G(b)(1) of the Higher Education Act, as amended October 7, 1998.

<sup>2</sup> MSLP-specific policy. See Common Manual Appendix C.

<sup>3</sup> See Common Manual subsection 6.2.G.

## Task Force selects scholarship nominations

**A**t the 1999 MOSTARS Default Prevention and Debt Management Conference, attendees were given the opportunity to nominate borrowers for a \$3,000 Disadvantaged Borrowers' Scholarship. The scholarship's purpose is to award borrowers who may experience financial difficulties, but who continue to make satisfactory payments

toward their federal student loans. The scholarship will be rewarded in the form of payments toward the borrowers' outstanding loan balance.

Of all the nominations submitted, 20 nominations were selected randomly. Before the scholarships can be awarded, MOSTARS must verify that the borrowers have made satisfactory payments on their loans during the most recent

three-month period in which they were required to make payments (deferment and forbearance periods are excluded). Schools and borrowers will be notified once eligibility is verified and payment is made.★



**News**

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# Conference

MOSTARS 1999 Default Prevention & Debt Management

June 22 & 23

*Highlights*



**T**he MOSTARS Default Prevention Task Force sponsored the second annual Default Prevention and Debt Management Conference on June 22–23, 1999. The theme of the conference was “Partnering for Default Prevention.” Nearly 200 postsecondary school staff, lender representatives, secondary market and servicer staff, high school counselors, and U.S. Department of Education representatives met at the Capitol Plaza Hotel in Jefferson City to discuss default prevention and debt management techniques and practices.

**Kala M. Stroup**, commissioner of higher education, opened the conference. In her welcoming address, Dr. Stroup emphasized that the student assistance community must teach financial literacy and debt management to Missouri youth. She also asked that the community recognize the barrier that a lack of funds could create for incoming postsecondary education students.

Dr. Stroup turned the conference over to **Liz Lowry**, who introduced members of the MOSTARS Default Prevention Task Force. Liz is the financial aid director at Logan College of Chiropractic and the Task Force chair.

**Dr. Jeffrey Hanson**, director of debt management services for The Access Group, Inc., was the first presenter the first day of the conference. Dr. Hanson spoke about “Drowning in Debt,” a personal odyssey in overcoming the burden of consumer and student loan debt. He explained that many students are not living extravagant lifestyles. Instead, they may be faced with unexpected expenses and must wait for a financial windfall to recover. In addition, postsecondary students are taking on greater credit card debt. Dr. Hanson explained that once consumers have credit card debt, their

psychology of credit changes. Instead of reducing their debt, consumers just try to keep up with their monthly payments.

Dr. Hanson shared ideas for helping students reduce their risk for financial problems and student loan default.

The second guest speaker the first day was **Mr. Jamie Merisotis**, founding president of The Institute for Higher Education Policy. Mr. Merisotis explained recent trends in college tuition and costs, and discussed why

student grant aid is important to prevent loan defaults and to improve access to and success in postsecondary education. He described the shift from grants to loans and tax credits in federal student aid, as well as the battle postsecondary schools face when trying to keep tuition costs down. Mr. Merisotis expressed that schools need to do a better job of figuring out how they’re spending their dollars. He said they also need to ensure that students have the right kind of academic, social, and personal support they need once they get to school.

Attendees ended the first day of the conference by participating in two-part roundtable discussions. During the first session, groups brainstormed on assigned topics, which included training, consumer education, legislation, and school controls. For the second session, participants were divided by institutional sector, and discussed their sectors’ roles in debt management and student loan default prevention. Task Force members will review the results of the discussions for future projects.

During dinner, **Annette Avery**, financial aid director at Drury College, and **Ginny D’Angelo**, vice president and manager of Commerce Bank of St. Louis, announced the new Task Force motto. In developing a motto, Task Force members



Speakers at the 1999 MOSTARS Default Prevention & Debt Management Conference included (clockwise from top) Dr. Jeffrey Hanson, Mr. Jamie Merisotis, Dr. Norm Finlinson, Mr. David Hammond, Ms. Carol White, and Judge Leslie Isaiah Gaines.

*continued on page 9*

# ATOM EFT Schools



**Kara Horstman**  
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022392	Al-Med Academy	St. Louis, MO	Proprietary
031150	Arizona College of Allied Health	Phoenix, AZ	Proprietary
002449	Avila College	Kansas City, MO	Independent 4-Year
005532	Cape Girardeau Area Vocational Technical School	Cape Girardeau, MO	Vocational-Technical
002452	Central Bible College	Springfield, MO	Theological
002453	Central Methodist College	Fayette, MO	Independent 4-Year
002456	Columbia College	Columbia, MO	Independent 4-Year
002458	Cottey College	Nevada, MO	Independent 2-Year
020907-00	Cleveland Chiropractic College – Kansas City	Kansas City, MO	Professional
002459	Crowder College	Neosho, MO	Public 2-Year
006385	Deaconess College of Nursing	St. Louis, MO	Proprietary
002461	Drury College	Springfield, MO	Independent 4-Year
002463	Evangel University	Springfield, MO	Independent 4-Year <b>NEW!</b>
021642	Forest Institute of Professional Psychology	Springfield, MO	Professional
009089	Hannibal LaGrange College	Hannibal, MO	Independent 4-Year
002468	Jefferson College	Hillsboro, MO	State 2-Year
006389	Jewish Hospital College of Nursing & Allied Health	St. Louis, MO	Independent 4-Year
020682	Lester L. Cox College of Nursing & Health Sciences	Springfield, MO	Vocational-Technical
004703	Logan College of Chiropractic	St. Louis, MO	Professional
006666	Lutheran Medical College School of Nursing	St. Louis, MO	Proprietary
021802-00	Metro Business College	Cape Girardeau, MO	Proprietary
021802-01	Metro Business College	Jefferson City, MO	Proprietary
021802-02	Metro Business College	Rolla, MO	Proprietary
002486	Mineral Area College	Park Hills, MO	State 2-Year
007540	Missouri Baptist College	St. Louis, MO	Independent 4-Year
009795	Missouri College	St. Louis, MO	Proprietary
023040	Missouri Technical School	St. Louis, MO	Proprietary
002489	Missouri Valley College	Marshall, MO	Independent 4-Year
002490	Missouri Western State College	St. Joseph, MO	State 4-Year
002491	Moberly Area Community College	Moberly, MO	Public 2-Year
022027	Ozark Christian College	Joplin, MO	Theological
012500	Ranken Technical College	St. Louis, MO	Independent 2-Year
002499	Rockhurst College	Kansas City, MO	Independent 4-Year
002506	Saint Louis University	St. Louis, MO	Private 4-Year
005426	Sikeston Area Vo-Tech School	Sikeston, MO	Vocational-Technical
030709	Southeast Missouri Hospital College of Nursing	Cape Girardeau, MO	Vocational-Technical
002501	Southeast Missouri State University	Cape Girardeau, MO	State 4-Year
002502	Southwest Baptist University	Bolivar, MO	Independent 4-Year
002503	Southwest Missouri State University	Springfield, MO	State 4-Year
031060	Southwest Missouri State University – West Plains	West Plains, MO	State 2-Year
010347	Stage One, The Hair School	Cape Girardeau, MO	Proprietary
025306	St. Charles County Community College	St. Peters, MO	Public 2-Year
002504	St. Louis College of Pharmacy	St. Louis, MO	Professional
002512	Stephens College	Columbia, MO	Independent 4-year <b>NEW!</b>
002474	The University of Health Sciences/College of Osteopathic Medicine	Kansas City, MO	Professional
004713	Three Rivers Community College	Poplar Bluff, MO	Public 2-Year
002495	Truman State University	Kirksville, MO	State 4-Year
003528	Union University	Jackson, TN	Independent 4-Year
002523	Westminster College	Fulton, MO	Independent 4-Year
002525	William Woods University	Fulton, MO	Private 4-Year

## ATOM Statistics

### FFY99 Quarter 3

#### Disbursements

**14,545**

#### Amount Disbursed

By EFT	<b>\$15,100,079</b>
By Check	<b>\$4,639,133</b>
<b>TOTAL</b>	<b>\$19,739,212</b>

### Cumulative: 8/95 – 6/99

#### Amount Disbursed

#### Disbursements

**329,954**

By EFT	<b>\$350,333,811</b>
By Check	<b>\$191,978,700</b>
<b>TOTAL</b>	<b>\$542,312,511</b>

# ATOM Lenders

as of  
7/14/99

817854-50	Arsenal Credit Union	Webster Groves, MO	823635-50	Hannibal National Bank	Hannibal, MO
804866-50	Bank Midwest N.A.	Kansas City, MO	830134-50	Heartland Community Credit Union	Kansas City, MO
806747-50	Bank of Belton	Belton, MO	823261-50	Home Savings & Loan Assn.	Norborne, MO
806757-50	Bank of Kirksville	Kirksville, MO	806828-50	Independent Farmers Bank	Maysville, MO
806761-50	Bank of Monticello	Canton, MO	829263-50	Jefferson Bank and Trust	St. Louis, MO
813955-50	Bank of New Madrid	New Madrid, MO	830679-50	Jefferson Savings & Loan Assn.	Ballwin, MO
829370-50	Bank of Old Monroe	Moscow Hills, MO	830289-50	Kahoka State Bank	Kahoka, MO
813989-50	Bank of Rothville	Rothville, MO	819462-50	Kearney Trust Company	Kearney, MO
829217-50	Bank of Salem	Salem, MO	806873-50	Lamar Bank and Trust Co.	Lamar, MO
813965-50	Bank of Sullivan	Sullivan, MO	829440-50	Linn State Bank	Linn, MO
827468-50	Bank of Washington	Washington, MO	814008-50	Maries County Bank	Vienna, MO
826147-50	Bank of Waverly	Waverly, MO	819661-50	Mazuma Credit Union	Kansas City, MO
808857-50	Bank One Education Finance Group	Columbus, OH	814668-50	MCM Savings Bank, FSB	Hannibal, MO
806856-50	Bank Star One	Fulton, MO	814548-50	Mercantile Bank of St. Joseph	St. Joseph, MO
820696-50	Belgrade State Bank	Belgrade, MO	804609-50	Mercantile Bank – Lawrence	Lawrence, KS
816050-50	Blue Ridge Bank and Trust Company	Kansas City, MO	832681-50	Midwest Independent Bank	Jefferson City, MO
806773-50	Boone County National Bank	Columbia, MO	829740-50	MO National Guard Credit Union	Jefferson City, MO
806778-50	Cabool State Bank	Cabool, MO	800325-50	NationsBank (Arkansas)	Little Rock, AR
806779-50	The Callaway Bank	Fulton, MO	806746-50	NationsBank (Kansas City) ★	Kansas City, MO
821496-50	Canton State Bank	Canton, MO	818334-50	NationsBank (St. Louis)	St. Louis, MO
828826-50	Central Bank of Lebanon	Lebanon, MO	806893-50	New Era Bank	Fredericktown, MO
828130-50	Central West End Bank	St. Louis, MO	823784-50	Normandy Bank	Normandy, MO
807807-50	Chase Manhattan Bank USA	Tampa, FL	824068-50	Palmyra Savings	Palmyra, MO
813975-50	Citizen's Bank & Trust Company	Trenton, MO	813967-50	Palmyra State Bank	Palmyra, MO
813979-50	Commerce Bank ★	St. Louis, MO	830060-50	Paris National Bank	Paris, MO
814627-50	Commercial Trust	Fayette, MO	827477-50	Peoples Security Bank	Licking, MO
806810-50	Community State Bank of Bowling Green	Bowling Green, MO	821154-50	Phelps County Bank	Rolla, MO
828768-50	Eagle Bank and Trust	Festus, MO	829481-50	Poplar Bluff Federal Credit Union	Poplar Bluff, MO
830005-50	Educaid ◆	Sacramento, CA	806919-50	Security Bank of Pemiscott County	Caruthersville, MO
826986-50	Educational Employees Credit Union	Bridgeton, MO	806870-50	Show Me Credit Union	Mexico, MO
826986-51	Educational Employees Credit Union [PLUS]	Bridgeton, MO	806911-50	South Side National Bank of St. Louis	St. Louis, MO
819155-50	Farmers and Merchants Bank	Hannibal, MO	828674-50	Southern Missouri Savings Bank	Poplar Bluff, MO
822046-50	First Bank	St. Louis, MO	824138-50	St. John's Bank and Trust	Bridgeton, MO
829140-50	First Community Bank of Windsor	Windsor, MO	813766-50	State Bank of Slater	Slater, MO
820370-50	First Federal Bank, FSB ★	Kansas City, MO	809081-50	Stillwater National Bank & Trust	Stillwater, OK
826931-50	First Midwest Bank	Poplar Bluff, MO	827310-50	Sun Bank of America	Ellington, MO
802969-50	First National Bank & Trust Company	Carbondale, IL	815961-50	UMB Bank, NA	Kansas City, MO
819564-50	First National Bank of Camdenton	Camdenton, MO	828121-50	Union Planters Bank	St. Louis, MO
813768-50	First National Bank of Salem	Salem, MO	810698-50	Union Planters National Bank	Cape Girardeau, MO
806851-50	First Security State Bank	Charleston, MO	832384-50	Wells Fargo Education Financial Services	Waverly, MO
833471-50	FNB Chicago (trustee for EFG, LLP)	Hyannis, MA	820323-50	West Community Credit Union	Brentwood, MO
827418-50	Fulton Savings Bank	Fulton, MO			
806858-50	Gateway National Bank of St. Louis	St. Louis, MO			
806861-50	Glasgow Savings Bank	Glasgow, MO			
821132-50	Great Southern Bank FSB	Springfield, MO			
804657-50	Guaranty Bank & Trust	Kansas City, MO			
823260-50	The Hamilton Bank	Hamilton, MO			

★ These lenders require ATOM schools to utilize EFT rather than paper checks

◆ Educaid requires an agreement with the school be signed before utilizing them as an ATOM lender.



## Conference Highlights, from page 6

wanted to address all of their possible audiences. In addition, they wanted to approach students, parents, and schools with a positive tone. **"Do the Smart Thing"** fills those necessities. Students must make smart decisions regarding their choice of school, program of study, and financing options. Borrowers should make smart decisions when determining the amount of money they need to borrow. They should also understand their responsibility to repay student loan debt. The motto also applies to postsecondary schools and student loan lenders and holders. They, too, can make smart choices about default prevention activities. Attendees received piggy banks printed with the motto and Smarties candies to remind them to **"Do the Smart Thing."**

The keynote speaker, **Judge Leslie Isaiah Gaines** from Junkman Evangelistic Ministries, reinforced the motto by adding his own tagline, "Erase the grace! Pay right away!" He regaled the audience with anecdotes about sending his daughter to an out-of-state college. Judge Gaines used humor to convey his struggle to teach her the value of money and the responsibility associated with spending and debt.

The first speaker on June 23 was **Dr. Norm Finlinson**, director of financial aid at Brigham Young University (BYU). BYU developed a video and publication, *"Creating a Financial Path to Graduation."* Dr. Finlinson explained the program, which includes seven steps:

- plan an academic map
- estimate educational costs
- estimate financial resources
- identify and analyze unmet need
- establish a reasonable, personal debt limit
- identify the costs of borrowing
- make a commitment and monitor your progress.

He explained that students default for two basic reasons: they have low financial IQs and their credit card and/or other consumer debt is too high. He demonstrated how BYU uses proactive counseling to identify high-risk students and works with these students before they make the decision to borrow.

**Ms. Carol White**, director of financial aid at Voorhees College, presented "Default Reduction and Management: The Challenge for Voorhees College." The financial aid office at Voorhees places special emphasis on enhancing mandatory activities such as entrance and exit counseling and packaging of aid. Entering freshmen spend the week before classes in financial management courses. When students leave school, the financial aid office provides them with an information card, that lists contact information for their loan holders. The cards are small and are hard plastic, similar to a credit card. Students are less likely to throw the information away, and often refer to them later.

The last guest speaker was **Mr. David Hammond** from Debt Collections Services at the U.S. Department of Education. Mr. Hammond serves as a management analyst, conducting



**TOP:** (clockwise) Conference attendees Jim Bunyard (U.S. Dept. of Education), Ann Hollenberg (MOHELA), Amy Hager (Moberly Area Community College), Gail Buller (Mercantile Bank), Dorothy Turell (Southwest Missouri State University), Greg Elsenrath (Patricia Stevens College), and Tony Georges (University of Missouri – St. Louis), share ideas during the two-part roundtable discussions Tuesday afternoon.

**RIGHT:** Carol Zablocki (Springfield College) speaks with Mike Witt (MOSTARS) and Ann Hollenberg (MOHELA) during a break between sessions.



audits and reviewing Department processes to ensure their maximum efficiency. He spoke with conference participants about the use of portfolio scoring in determining which borrowers are more likely or more able to pay. Portfolio scoring may also assist schools and lenders in determining which students can benefit from debt management training. Part of Mr. Hammond's presentation included a showcase of two marketing campaigns the Department utilizes in its efforts to collect defaulted loans. Using these examples, he expressed the need for increased marketing strategies to offset student loan delinquencies.

**Karen Misjak**, MOSTARS director, closed the conference by reminding attendees that they need to reevaluate their approach to student assistance practices. She asked them to consider what they have learned from the different speakers and to incorporate something different into their daily activities.

The Missouri Department of Higher Education and the MOSTARS Default Prevention Task Force sends their appreciation to everyone who attended this year's conference. The Task Force will use these discussions and information from your evaluations to plan new default prevention strategies. ★

# 1998 MOSTARS Partnership Award



CariAnne Cutshall  
(573) 522-2008  
USER ID: ccutshal

**E**ach year, MOSTARS presents the MOSTARS Partnership Award to a person who demonstrates outstanding commitment, communication, and support of all Missouri student assistance programs. Other criteria considered are the person's unique effort and partnership with MOSTARS in administering student assistance programs and participation in community and statewide events.

In past years, MOSTARS asked its clients to nominate financial aid professionals based on these criteria. For the 1998 award, MOSTARS staff identified individuals based on

their working knowledge of the person's commitment and support.

During the recent MOSTARS Default Prevention and Debt Management Conference, MOSTARS Director, Karen Misjak awarded the 1998 Missouri Partnership Award to Angie Davis, student financial aid specialist at St. Louis Community College – Meramec. Angie began her financial aid career as a means to pay for her own college and turned her work-study position into a lifelong career. She took her first full-time position in the student assistance field in 1980.

Nineteen years later, she continues to serve students in their pursuit of financing for higher education.

Angie serves on several student assistance committees and boards, including the MOSTARS Default Prevention Task Force. She is a member of MASFAP, NASFAA, the Missouri ACT Executive Board, and the St. Louis Collaborative for Urban League. Please congratulate Angie! ★



Angie Davis

## Task Force committees announce initiatives

**D**uring the luncheon on the first day of the 1999 MOSTARS Default Prevention and Debt Management Conference, Liz Lowry introduced a representative from each of the four Default Prevention Task Force initiative committees: institutional controls, legislative initiatives, consumer education, and training. Each committee reported on its current projects.

### INSTITUTIONAL CONTROLS COMMITTEE

- *Smart Habits for Student Retention and Default Prevention*: a brochure that explains practices for various postsecondary school offices (e.g., admissions, business, advising staff, job placement, student financial aid) that can increase student retention and reduce student loan defaults. The brochure will be available in the fall.
- *The Smart Approach to Student Loans*: a web page and brochure that explains various aspects of student loan borrowing, including choosing the right school and career path, budgeting, the decision to borrow, interest calculation, temporary options for borrowers

experiencing difficulty making scheduled payments, and the consequences of student loan default. The brochure and web page will be available in the fall.

### LEGISLATIVE INITIATIVES COMMITTEE

- Creation of a competitive grant that will help postsecondary schools pay for salaries of staff that work with high-risk students on their campus. If approved by the U.S. Department of Education (USDE), the program could be implemented in the fall.
- Researching the possibility of implementing state policy that will allow guarantors to apply defaulted borrowers' lottery winnings toward their unpaid accounts.

### CONSUMER EDUCATION COMMITTEE

- A poster that encourages borrowers who are having problems making student loan payments to contact

*continued on page 11*



CariAnne Cutshall  
(573) 522-2008  
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# A Fond Farewell to Barbara Miller

**F**ollowing the 1999 MOSTARS Default Prevention and Debt Management Conference, MOSTARS held a retirement reception for Barbara Miller, senior associate – compliance. The reception was attended by numerous people with whom she has worked with in the financial aid industry. Several colleagues spoke up to honor Barb's 20-year career, including Karen Misjak, MOSTARS director; Carolyn Brown, MOSTARS policy analyst; Judy Cantoni, MOSTARS student assistance associate; Bob Berger, director of financial aid at Missouri Western State College; and Jim Bunyard, review specialist at the U.S. Department of Education. All expressed their pleasure in working with Barb and regarded her as a sincere and honest woman, mentor, and friend.



Barbara Miller opens gifts at a retirement reception held in her honor at the Capitol Plaza Hotel in Jefferson City.

expertise in financial aid was acknowledged in August 1982 when she was promoted to the position of compliance officer. Barb excelled at this position for six years until being promoted to student financial aid associate (compliance). In October 1997 with the formation of MOSTARS, Barb's title changed to MOSTARS senior associate (compliance).

In 1996 Barb received the prestigious MASFAP Missouri Award for her dedication to the financial aid community. Through the years, Barb has assisted in numerous program reviews and training sessions, and has witnessed the evolution of the MOSTARS Compliance area, which has steadily expanded from three to six in number. Barb says the best part about working in student financial aid is that there are so many nice people also working in the field.

July 30, 1999 will be Barb's last day at MOSTARS. During her 20-year career, Barb has steadily climbed the ladder, rung by rung, with determination and finesse. It all started on July 11, 1979, when Barb was hired as a secretary/assistant. Just four months after being hired, she was appointed to assistant office manager and within three months she became the secretary for the student grant program. Barb jumped up the ladder again in June 1980 when she was promoted to grant program coordinator. Her

"I have made many friends within our own office over these many years, as well as many within other offices in the state (schools and lenders)," Barb said. "If I started naming people who have provided assistance and encouragement, it would fill pages. I must be crazy to leave such a business!"

The MOSTARS staff and all those who have had the pleasure of working with Barb wish her the very best as she begins a new chapter in her life. ★

## Task Force Committees, from page 10



During the committee reports, Annette Avery displays a draft of a poster recommended by the consumer education committee.

MOSTARS to learn about their options. The poster will contain a pull-off card with MOSTARS telephone and website information, as well as easy-to-understand definitions of options to avoid default (e.g., deferment). The poster will be sent to student loan industry participants, the largest employers in Missouri, and state agencies, including job service offices. The poster will be distributed in late summer.

- **Life 101:** a magazine for high school seniors. Articles will include information regarding student assistance programs (federal and state), choosing a postsecondary school, a school and financial aid planning calendar, budgeting, credit, student loans, and interest calculation. The magazine will be mailed to Missouri high school seniors in October.

- Development of money management curriculum for teachers of fourth- through sixth-grade students. The Task Force will seek approval from the USDE before proceeding.

### TRAINING COMMITTEE

- Development of a one-day training session for postsecondary school personnel. The session will cover information regarding calculation of the cohort default rate, the after-life of student loans, options to avoid default, consequences of default, default prevention activities that can be performed on campus, and tips for budgeting and counseling at-risk students. A resource guide will accompany the training. The Task Force anticipates that it will begin providing training in late fall.
- Presentation of Task Force materials and training at various financial aid conferences and workshops. ★



# Directory Assistance

## Missouri Student Assistance Resource Services

**Phone:** (800) 473-6757 (nationwide)  
(573) 751-2361 or (573) 751-3940  
**Fax** (573) 751-6635

### ADMINISTRATION . . . . .(573) 751-2361

#### **Karen Misjak, Director**

Dan Peterson, Deputy Director

Vicky Buschjost, Administrative Assistant . . . . .751-9441  
Keith Broadus, Technology Services . . . . .526-0876  
Ruth Chrismore, Compliance . . . . .526-0687  
RayeAnn Lecure, Fiscal . . . . .751-1786  
Jim Matchefts, General Counsel . . . . .751-1764  
Richard Presberry, Early Awareness/Outreach . . . .522-1316  
Beth Ziehmer, Operations . . . . .751-1774

### ATOM . . . . .(573) 751-2361

Barbara Dorge, Program Specialist . . . . .526-0964  
Kara Horstman, Coordinator . . . . .526-7356  
Marcia Mahaney, Coordinator – Accountant . . . . .526-6693  
Keyna Reed, Clerk . . . . .751-1765  
Fax . . . . .526-7730

### CLIENT SERVICES

Judy Cantoni, Student Assistance Associate . . (573) 335-1150  
Natalee Girardi, Client Service Rep. . . . .(573) 526-5718  
Pam King, Coordinator . . . . .(417) 581-5087  
Michelle Krambeck, Client Service Rep. . . . (816) 561-4697

### COLLECTIONS & LEGAL SERVICES . . .(573) 751-2361

Cheryl Beck, Coordinator – AWG . . . . .751-4527  
Necole Koestner, Program Specialist – AWG . . . .751-2426  
Leanne Cardwell, Coordinator – Fiscal . . . . .526-6694

### COMPLIANCE . . . . .(573) 751-2361

Carolyn Brown, Policy Analyst . . . . .751-1767  
Julie Sandbothe, Coordinator . . . . .751-1770  
Kelli Reed, Compliance Reviewer . . . . .751-2444  
Mike Witt, Compliance Reviewer . . . . .751-4603

### DEFAULT PREVENTION TASK FORCE

CariAnne Cutshall, Coordinator . . . . .522-2008

### INFORMATION CENTER . . . . .(800) 473-6757

Rhonda Elliott, Coordinator . . . . .800# or 751-3940  
Connie Bestgen, Program Specialist . . . . .800# or 751-3940  
Susan Johnson, Program Specialist . . . . .800# or 751-3940  
Lisa Meyer, Program Specialist . . . . .800# or 751-3940  
Montaque Stevens, Program Specialist . . .800# or 751-3940  
Becky Whithaus, Program Specialist . . . . .800# or 751-3940  
Diann Tews, Imager/Receptionist . . . . .522-1321

## GuaranTec / InTuition

**Phone** (800) 824-4893  
**Fax** (904) 281-7373

### ADMINISTRATION

**Chuck Hosea, President** . . . . .7076  
Peter Bosco, Claims & Customer Service Manager . . . .7250  
Levis Hughes, Loan Services Manager . . . . .7451

### ACCOUNTING SERVICES

Pete McArdle, Manager . . . . .7305  
Chiquita Heard, Repurchases . . . . .7275

### CLAIMS

Stacie Butts, Supervisor . . . . .7065  
Della Arias, Bankruptcy Specialist . . . . .7067  
Monica Ray, Analyst – Missouri . . . . .7046

### PC SERVICES . . . . .(800) 535-HELP

Jim Dustman, Business Analyst . . . . .7169  
Barbara Clagett, Mgr./CLIPS Dev./PC Services . . . . .7130  
Ann Trevett, Helpdesk Support . . . . .4123

### CUSTOMER SERVICE

Ann Proctor, Supervisor . . . . .7073

### COMPLIANCE

Elise Nowikowski, Director, InTuition . . . . .7074

### GA SYSTEMS

Frank Gray, Manager/ Production Support . . . . .7264

### LOAN SERVICES

Gary Porter, Supervisor . . . . .7156  
Michelle Rodriguez, Loan Maint, SSCR, PCA, New Loans .7027  
Missy Markis, Team Analyst/NSLDS Specialist . . . . .7480  
Lucille Edwards, New Loan Specialist . . . . .7144  
Shannon Bennefield, PCA Specialist . . . . .7266

### FORM ORDERS

Florelly Peterson . . . . .7031  
E-Mail . . . . .fpeterson@intuitioninc.com  
Fax . . . . .(904) 281-7291

**The area code for GuaranTec  
is (904)  
and the prefix 281.**



# Changes to the Eligible Lender List

## Participation Lists



CariAnne Cutshall  
(573) 522-2008  
USER ID: ccutshal

**For immediate client access, we have added this list to the MOSTARS website at [www.mocbhe.gov/mostars/studln2.htm](http://www.mocbhe.gov/mostars/studln2.htm). We will update the on-line list monthly with the changes published in this newsletter.**

**Please refer to the August 1998 FFELPfacts for more information. You may also view a sample of the list in the October 1998 issue of the MOSTARS Newsletter. ★**

**F**or those clients who utilize the MSLP Combined Eligible Lender List, please make note of the following changes. New lists are printed upon request so your list may already contain these changes. Please refer to the effective date of the changes and compare them to the date listed at the bottom left corner of your list to determine whether or not you should pencil in these changes.

## Additions

### Bank of Sullivan c/o MOHELA, OE 813965-50

Participation Categories: ATOM, Sub, Sub Pre, Unsub, Unsub Pre, PLUS, PLUS Pre  
Added June 30, 1999

### Citizens Bank & Trust Co. c/o MOHELA, OE 813975-50

Participation Categories: ATOM, Sub, Sub Pre, Unsub, Unsub Pre  
Added June 30, 1999

### First National Bank & Trust Co. c/o MOHELA, OE 802969-50

Participation Categories: ATOM, Sub, Sub Pre, Unsub, Unsub Pre, PLUS, PLUS Pre  
Added June, 30 1999

## Changes

### Bank of Salem c/o MOHELA, OE 829217-00 & -50

Add Sub Pre and Unsub Pre to participation categories  
Changes made July 1, 1999

### Key Bank, as Trustee for EFS Finance Co., OE 824753

New Name: EFS' Eligible Lender Trust  
Change made July 1, 1999

## Deletions

### Citizens Bank of Appleton City, OE 818740-00 & - 50

Removed June 25, 1999

## 3 + 10 + 10 REMINDER

**T**he Federal Family Education Loan (FFEL) program funds received by electronic funds transfer or master check on or after July 1, 1999 must be released to the student within three days, instead of 10.

An institution must return FFEL program funds to the lender if the proceeds have not been disbursed to the parent or student borrower within three business days following the date the institution received the funds. The three-day timeframe refers to the "initial period" only and there is no change to the 10-day conditional and return periods, in which schools may choose to retain the funds in anticipation of

delivering the funds to the borrower within the appropriate time frame. Therefore, the regulatory requirement that has been previously referred to as 10 + 10 + 10 should now be referred to as 3 + 10 + 10.

For more information regarding the change, please refer to Federal Register Volume 61, Number 231 dated November 29, 1996, or call the MOSTARS Information Center at (800) 473-6757 or (573) 751-3940. Other citations 34 CFR 668(b). 16765 Common Manual subsection 6.3.E.★

## FFELP News



Beth Ziehmer  
(573) 751-1774  
USER ID: eulinger

## Fond Farewell

**G**enie Undernehr, MOSTARS publications specialist, has accepted a position in the communications department at her alma mater, Missouri Southern State College in Joplin, MO. On August 9, she began advising *The Chart*, the college's student newspaper. She also develops publications for the International Society of Weekly Newspaper Editors in conjunction with Missouri Southern's international mission.

During her senior year at Missouri Southern, Genie served as editor-in-chief of *The Chart*. She has many fond memories of her time at the newspaper, and looks forward to helping students learn the fundamentals of newspaper content and design. Genie is also pursuing her master's degree in communications at

Pittsburg State University in Kansas. Once she receives her degree, she will be promoted to full-time faculty.

Genie has served MOSTARS and the Missouri Department of Higher Education (DHE) for two and a half years. She was originally hired as an intern, but it quickly became clear to staff that she should be a full-time staff member. She has been responsible for the development of the monthly newsletters since January 1997, and she developed the current design of the MOSTARS newsletter, making it valuable not only to postsecondary financial aid staff, but also to high schools and legislators. She has also created and redesigned several brochures and publications, including the DHE's 1997 and 1998 *Show-Me Higher Education*

# Staff News

annual reports. She was instrumental in the construction and maintenance of the MOSTARS website.

Genie is glad to be back in Joplin. Her family lives close by, and she is enjoying the large selection of restaurants and stores (not so abundant in Jefferson City!). Though MOSTARS staff will miss her, Genie promises to visit her friends frequently.

MOSTARS and DHE staff wish Genie the best in her new career and in the pursuit of her degree. We will miss her creativity, hard work, patience, and dedication! ★

The Missouri Department of Higher Education makes every effort to provide program accessibility to all citizens without regard to disability. If you require this publication in an alternate form, please contact our MOSTARS Information Center at (800) 473-6757 or (573) 751-3940. Hearing/speech impaired may call (800) 735-2966.

**Coordinating Board for Higher Education**  
3515 Amazonas Drive  
Jefferson City, MO 65109

**FIRST CLASS**

MOSTARS, a division of the Coordinating Board for Higher Education (CBHE), publishes this newsletter to inform Missouri's financial aid community of current issues concerning the Missouri Student Loan Program and the Missouri Grant & Scholarship Programs.

Dr. Ray Henry .....CBHE Chairman  
Dr. Kala M. Stroup.....Commissioner  
of Higher Education  
Karen Misjak .....MOSTARS Director